

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary,
copies from this
copy and PLACE
BACK in FILE)

RECEIVED

JAN 04 1999

LEGISLATIVE AUDITOR

993 00193
9193

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

MONROE, LOUISIANA

JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 24 1999

AUDITED FINANCIAL STATEMENTS

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

MONROE, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Combined Balance Sheet-All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenses, and Changes in Fund Balances	3
Combined Statement of Revenues, Expenses, and Changes in Fund Balance- Budget (GAAP Basis) and Actual	4
Combined Statement of Cash Flows	5
Statement of Changes in Assets and Liabilities-Agency Fund	6
Notes to the Financial Statements	7-11

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information	12
Combined Schedule of Expenses, Object Basis	13
Combining Schedule of Revenues, Expenses, and Changes in Fund Balances, by Parish, by Cost Category	14
Combined Reconciliation of Expenditures Reported to Grantor Agency	15
Schedule of Insurance in Force	16
Schedule of Federal Awards	17

OTHER REPORTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	19-20
Schedule of Findings and Questioned Costs	21-22
Summary Schedule of Prior Audit Findings	23

October 8, 1998

Private Industry Council SDA-83, Inc.
Monroe, Louisiana

Independent Auditor's Report

We have audited the accompanying balance sheet of the Private Industry Council SDA-83, Inc. as of June 30, 1998, and the related statements of revenues, expenses, and changes in fund balances, cash flows, and changes in assets and liabilities of the agency fund for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Private Industry Council SDA-83, Inc. as of June 30, 1998, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 1998 on our consideration of Private Industry Council's internal control structure and on its compliance with laws and regulations.

Heard, McElroy & Vestal, LLP

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

AT JUNE 30, 1998

<u>A S S E T S</u>	<u>Title II-A Fund</u>	<u>Title II-B Fund</u>	<u>Eight Percent Fund</u>
Cash	100	-	-
Due from grantor-Note 2	67,581	9,764	28,329
Due from other funds	144,910	-	-
Other assets	1,080	-	-
Investment in deferred compensation-Note 3	-	-	-
Total assets	<u>213,671</u>	<u>9,764</u>	<u>28,329</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Bank overdraft	141,065	-	-
Accounts payable	38,378	3,664	-
Salaries payable	-	-	-
Payroll deductions payable	20,340	-	-
Due to other funds	-	6,100	27,285
Deferred revenue	-	-	-
Compensated absences payable	13,888	-	1,044
Liability for deferred compensation-Note 3	-	-	-
Total liabilities	<u>213,671</u>	<u>9,764</u>	<u>28,329</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>213,671</u>	<u>9,764</u>	<u>28,329</u>

The accompanying notes are an integral part of the financial statements.

<u>Title III Fund</u>	<u>Five Percent Incentive Fund</u>	<u>Title II-C Fund</u>	<u>Agency Fund</u>	<u>Welfare to Work</u>	<u>One-Stop Centers</u>	<u>Caldwell Out of School Grant</u>	<u>Franklin Workforce Center Grant</u>	<u>Total</u>
-	-	-	-	-	-	-	-	100
80,790	8,651	-	-	10,255	22,948	-	24,565	252,883
-	-	-	-	-	-	-	-	144,910
-	-	-	-	-	-	-	-	1,080
-	-	-	<u>346,382</u>	-	-	-	-	<u>346,382</u>
<u>80,790</u>	<u>8,651</u>	<u>-</u>	<u>346,382</u>	<u>10,255</u>	<u>22,948</u>	<u>-</u>	<u>24,565</u>	<u>745,355</u>
-	-	(37,731)	-	-	-	-	-	103,334
24,265	2,056	6,710	-	231	-	-	-	75,304
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	20,340
48,362	6,575	-	-	9,075	22,948	-	24,565	144,910
-	-	25,905	-	-	-	-	-	25,905
8,163	20	5,116	-	949	-	-	-	29,180
-	-	-	<u>346,382</u>	-	-	-	-	<u>346,382</u>
<u>80,790</u>	<u>8,651</u>	<u>-</u>	<u>346,382</u>	<u>10,255</u>	<u>22,948</u>	<u>-</u>	<u>24,565</u>	<u>745,355</u>
-	-	-	-	-	-	-	-	-
<u>80,790</u>	<u>8,651</u>	<u>-</u>	<u>346,382</u>	<u>10,255</u>	<u>22,948</u>	<u>-</u>	<u>24,565</u>	<u>745,355</u>

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN FUND BALANCES

GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Title II-A Fund</u>	<u>Title II-B Fund</u>	<u>Eight Percent Fund</u>
<u>Revenues:</u>			
Federal grants	845,152	563,312	62,882
<u>Expenses:</u>			
Administration	108,051	102,749	11,951
Training related and support	204,045	-	1,153
Direct training	533,056	460,563	49,778
Retraining	-	-	-
Supportive services	-	-	-
Basic readjustment	-	-	-
Total expenses	<u>845,152</u>	<u>563,312</u>	<u>62,882</u>
<u>Excess (deficit) of revenues over expenses</u>	-	-	-
<u>Fund balances at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

<u>Title III Fund</u>	<u>Five Percent Incentive Fund</u>	<u>Title II-C Fund</u>	<u>Welfare to Work</u>	<u>One-Stop Centers</u>	<u>Caldwell Out of School Grant</u>	<u>Franklin Workforce Center Grant</u>	<u>Total</u>
510,083	45,568	421,120	10,055	22,948	9,800	59,565	2,550,485
68,666	45,568	55,704	335	-	-	-	393,024
-	-	85,939	-	-	-	-	291,137
-	-	279,477	9,720	22,948	9,800	59,565	1,424,907
188,314	-	-	-	-	-	-	188,314
119,053	-	-	-	-	-	-	119,053
<u>134,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,050</u>
<u>510,083</u>	<u>45,568</u>	<u>421,120</u>	<u>10,055</u>	<u>22,948</u>	<u>9,800</u>	<u>59,565</u>	<u>2,550,485</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues:</u>			
Federal grants	2,621,641	2,550,485	(71,156)
<u>Expenses:</u>			
Administration	418,165	393,024	25,141
Training related and support	346,031	291,137	54,894
Direct training	1,379,626	1,424,907	(45,281)
Retraining	223,767	188,314	35,453
Supportive services	98,340	119,053	(20,713)
Basic readjustment	<u>155,712</u>	<u>134,050</u>	<u>21,662</u>
Total expenses	<u>2,621,641</u>	<u>2,550,485</u>	<u>71,156</u>
<u>Excess (deficit) of revenues over expenses</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance at beginning of year</u>		<u>-</u>	
<u>Fund balance at end of year</u>		<u>-</u>	

The accompanying notes are an integral part of the financial statements.

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED STATEMENT OF CASH FLOWS

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Title II-A Fund</u>	<u>Title II-B Fund</u>	<u>Eight Percent Fund</u>
<u>Cash flows from operating activities:</u>			
Excess (deficit) of revenues over expenses	-	-	-
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in due from grantor	(1,184)	(9,764)	(15,353)
(Increase) decrease in due from other funds	(126,621)	2,038	-
(Increase) decrease in other assets	(666)	-	-
Increase (decrease) in salaries and with- holdings payable	(351)	-	(84)
Increase (decrease) in accounts payable	24,928	2,743	(3)
Increase (decrease) in due to other funds	-	6,100	15,309
Increase (decrease) in compensated absences payable	3,972	(438)	131
Increase (decrease) in deferred revenue	-	(23,998)	-
Total adjustments	<u>(99,922)</u>	<u>(23,319)</u>	<u>-</u>
Net cash provided (used) by operating activities	(99,922)	(23,319)	-
<u>Cash flows from financing activities:</u>			
Increase in bank overdraft	<u>141,065</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>141,065</u>	<u>-</u>	<u>-</u>
<u>Net increase (decrease) in cash</u>	41,143	(23,319)	-
<u>Cash at beginning of year</u>	<u>(41,043)</u>	<u>23,319</u>	<u>-</u>
<u>Cash at end of year</u>	<u>100</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

<u>Title III Fund</u>	<u>Five Percent Incentive Fund</u>	<u>Title II-C Fund</u>	<u>Welfare to Work</u>	<u>One-Stop Centers</u>	<u>Caldwell Out of School Grant</u>	<u>Franklin Workforce Center Grant</u>	<u>Total</u>
-	-	-	-	-	-	-	-
(52,952)	(8,651)	2,144	(10,255)	(22,948)	-	(24,565)	(143,528)
-	-	-	-	-	-	-	(124,583)
-	-	-	-	-	-	-	(666)
(5,734)	-	(1,829)	-	-	-	-	(7,998)
9,156	2,052	(3,396)	231	-	-	-	35,711
45,869	6,575	(5,858)	9,075	22,948	-	24,565	124,583
3,661	20	(2,213)	949	-	-	-	6,082
-	(5,878)	25,905	-	-	-	-	(3,971)
-	(5,882)	14,753	-	-	-	-	(114,370)
-	(5,882)	14,753	-	-	-	-	(114,370)
-	-	(37,731)	-	-	-	-	103,334
-	-	(37,731)	-	-	-	-	103,334
-	(5,882)	(22,978)	-	-	-	-	(11,036)
-	5,882	22,978	-	-	-	-	11,136
-	-	-	-	-	-	-	100

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-

AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 1998

<u>A S S E T S</u>	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Investment in deferred compensation	<u>275,489</u>	<u>87,623</u>	<u>16,730</u>	<u>346,382</u>
 <u>LIABILITIES</u>				
Liability for deferred compensation	<u>275,489</u>	<u>87,623</u>	<u>16,730</u>	<u>346,382</u>

The accompanying notes are an integral part of the financial statements.

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 1998

1. Summary of Significant Accounting Policies

The Private Industry Council SDA-83, Inc., is a nonprofit organization that was formed on January 29, 1988, to administer the Job Training Partnership Act (JTPA) Program in Service Delivery Area (SDA) Eighty-Three which is composed of the parishes of Caldwell, East Carroll, Franklin, Jackson, Madison, Richland, and Tensas. Service Delivery Area 83 is comprised of two elements:

- Private Industry Council (PIC) - which consists of 21 members representing a cross-section of the SDA population. Council members are appointed by the chief elected official from recommendations by the seven parish police juries which comprise SDA-83 and other interested organizations and serve without benefit of compensation. The PIC is responsible for providing program guidance. The PIC serves as its own administrative entity and as such is responsible for administering the program.
- Designated Chief Elected Official - this is a police jury president elected by his peers from the Eighty-Third Planning District. His responsibilities include appointment of Council members, providing guidance for program development, and monitoring the operations of the administrative entity.

Although organized as a nonprofit organization, the Council follows governmental reporting standards, as set by the Governmental Accounting Standards Board, because Council members are appointed by a member of local government.

The Franklin Parish Police Jury is the designated grant recipient for the SDA. As grant recipient, the Franklin Parish Police Jury (1) has accepted full responsibility for funds expended under the grant, (2) has assured the Louisiana Department of Labor that all funds provided will be expended according to limitations set forth in the Job Training Partnership Act, federal and state regulations, and the approved job training plan, and (3) will reimburse the Louisiana Department of Labor for any questioned costs which are ultimately disallowed by the United States Department of Labor.

A. FUND ACCOUNTING

To insure observance of limitations and restrictions placed on the use of resources available to the Council, the accounts of the Council are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

The assets, liabilities, and fund balances of the Council are reported in ten self-balancing special revenue funds as follows:

1. Summary of Significant Accounting Policies (Continued)

Title II-A

The Title II-A fund accounts for funds used to assist eligible economically disadvantaged adults and other individuals facing serious barriers to employment. This assistance may include skills assessment, job counseling, remedial education, development of job-seeking skills, work experience, and occupational training.

Title II-B

The Title II-B Fund accounts for funds used to provide work experience to economically disadvantaged youth (ages 14-21) during the summer. Service delivery areas are required to assess the reading and mathematics skill levels of all Title II-B participants and to provide basic and remedial education as described in their training plans.

Eight Percent

The Eight Percent Fund accounts for funds used to provide occupational training and remedial education. The Louisiana Department of Labor contracts with the Louisiana Department of Education (LDOE) to operate this program. A cooperative agreement is negotiated between LDOE and SDA-83 which in turn selects subcontractors to provide occupational training and remedial education.

Title III

The Title III Fund accounts for funds used to help those workers who have become unemployed because of plant closings or permanent layoffs resulting from technological change, foreign competition, economic downturns, or other changes in the local or national economy and who are unlikely to return to their previous occupation. Services provided to dislocated workers include assessment, job search assistance, job clubs, job development, placement, job training, remediation, supportive services, pre-layoff assistance, and relocation assistance.

Five Percent Incentive

The Five Percent Incentive Fund accounts for funds allocated to SDA-83 from the funds set aside out of Title II-A and II-C at the state level for incentive purposes. The amount received is based on SDA-83's performance in Title II-A and Title II-C measured by performance standards.

Title II-C

The Title II-C Fund accounts for funds used to assist eligible economically disadvantaged youth facing serious barriers to employment. This assistance may include skills assessment, job counseling, remedial education, development of job-seeking skills, work experience, and occupational training.

1. Summary of Significant Accounting Policies (Continued)

Agency

The Agency Fund accounts for assets held by the Council in its capacity as trustee.

Welfare to Work

The Welfare to Work Fund accounts for funds used to provide transitional assistance to help more hard-to-employ welfare recipients living in high poverty areas into unsubsidized employment and economic self-sufficiency. Services provided include direct training and administration.

One-Stop Centers (JobNet)

The One-Stop Centers Fund accounts for funds used to establish and operate centralized centers that provide employment information to job seekers and employee seekers. Information provided consists of job opportunities, training opportunities, financial assistance available, self assessment, and labor market information.

Caldwell Out of School Grant

The Caldwell Out of School Grant Fund accounts for funds used to help provide work-based learning activities for specific employers by specific high school students selected for participation in this program.

Franklin Workforce Center Grant

The Franklin Workforce Center Grant Fund is used to account for funds used to establish a rural out-of-school youth program that provides basic and skill training, mainly through a computer lab environment. Targeted participants are multi-barriered high school dropouts selected from area dropout lists.

B. BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting using the following practices in recording revenues and expenses:

Revenues - Federal grants are recognized when the expenses have been incurred.

Expenses - Expenses are recognized under the accrual basis of accounting when the related fund liability is incurred.

C. BUDGETS

The Council is notified of its annual allocation share by the Louisiana Department of Labor, which sends as its approval a "Cooperative Agreement" notification for each program. Council personnel break each program allocation down into object expenses for the fiscal year; any changes in the budget are approved by Council members.

1. Summary of Significant Accounting Policies (Continued)

D. PROPERTY AND EQUIPMENT

Property and equipment of the Council are not capitalized because title to the assets, which are purchased with resources from grants, reverts to the grantor. The full cost of the asset is charged as an expense in the year of purchase. The Council does maintain a listing of property and equipment purchased with grant funds and provides this listing to the grantor on an annual basis. At June 30, 1998, property and equipment purchased with grant funds totaled \$1,040,227.

E. CASH AND CASH EQUIVALENTS

At June 30, 1998, the Council had cash (book balances) as follows:

Demand deposits (overdraft)	(103,334)
Petty cash	<u>100</u>
Total	<u>(103,234)</u>

Cash (bank balances) at June 30, 1998, were secured as follows:

Bank balances	<u>77,090</u>
Federal deposit insurance	100,000
Pledged securities	<u>175,000</u>
Total secured	<u>275,000</u>
Excess security	<u>197,910</u>

It is the policy of the Council to require that fiscal agent banks pledge securities to cover bank deposits in excess of federal deposit insurance. The pledged securities are the market value of United States Treasury notes held by a custodial bank in the name of the fiscal agent bank, rather than in the name of the Council. However, the fiscal agent bank receives authorization from the Council before pledged securities are released.

F. ANNUAL AND SICK LEAVE

Employees of the Private Industry Council SDA-83, Inc., earn from 12 to 15 days of annual leave each year, depending on length of service. A maximum of 30 days of annual leave may be accumulated. Employees who have been employed for more than six months will be paid for accumulated annual leave up to 30 days upon termination of employment.

Employees earn 12 days of sick leave each year. Unused sick leave may be accumulated to a maximum of 60 days. Employees are not paid for accumulated sick leave upon termination of employment.

At June 30, 1998, employees have accumulated and vested approximately \$29,200 in employee leave benefits computed in accordance with FASB Statement 43. The cost of leave privileges is recognized as a current-year expense when the leave is earned.

1. Summary of Significant Accounting Policies (Continued)

G. PREPAID EXPENSES

Expenditures for insurance that extend over more than one accounting period are capitalized and expensed as consumed.

2. Due from Grantor

Due from grantor at June 30, 1998, in the amount of \$252,883, consists of reimbursements for expenses incurred under the various JTPA programs.

3. Deferred Compensation Plan

Private Industry Council, SDA-83, Inc. offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All employees of the Council are eligible to participate in the Master Deferred Compensation Plan for Planning and Economic Development Organizations. Employees may defer up to 6% of their gross salary until future years which the Council will match as an employer contribution. Employer's contributions to the plan for the year ended June 30, 1998, totaled \$27,323.

Although the Council does not administer the plan or maintain custody of plan assets, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Council (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Council's general creditors. Participants' rights under the plan are equal to those of general creditors of the Council in an amount equal to the fair market value of the deferred account for each participant. Deferred compensation amounts are administered and invested in debt mutual funds by a professional trustee.

4. Leases

The Council leases its office space and certain equipment under agreements that have expiration dates in 1998 and 1999. Rent expense under all leases totaled \$66,696 for the year ended June 30, 1998.

5. Third Party Reimbursements

The Council receives all of its funding from third party reimbursements under contracts with the Louisiana Department of Labor and the Louisiana Department of Education for services provided as described in Note 1. In order to receive funding, the Council must comply with contract provisions.

6. Income Tax Status

Private Industry Council SDA-83, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

7. Fair Values of Financial Instruments

The Council's financial instruments consist of cash, receivables, and current payables. Because such instruments are generally short-term in nature, their market values approximate their book values.

SUPPLEMENTARY INFORMATION

October 8, 1998

Private Industry Council SDA-83, Inc.
Monroe, Louisiana

Independent Auditor's Report on Supplementary Information

We have audited the financial statements of the Private Industry Council SDA-83, Inc. as of June 30, 1998, and for the year then ended, and have issued our report thereon dated October 8, 1998. These financial statements are the responsibility of the Private Industry Council SDA-83, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Private Industry Council SDA-83, Inc. taken as a whole. The supplementary information on Pages 13 through 17 (including the schedule of federal awards, as required by OMB Circular A-133) is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED SCHEDULE OF EXPENSES, OBJECT BASIS

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Title II-A</u> <u>Fund</u>	<u>Title II-B</u> <u>Fund</u>	<u>Eight</u> <u>Percent</u> <u>Fund</u>
<u>Expenses:</u>			
Accounting/auditing	4,200	500	1,100
Advertising, dues, etc.	3,870	946	275
Child care-participants	-	-	-
Contract payments	453	-	39,825
Equipment maintenance	6,052	6,959	526
Equipment purchases	22,768	31,814	5,915
Insurance-liability	3,613	1,559	281
Janitorial	1,958	2,538	61
Legal	156	25	21
Needs based payments	153,800	-	1,153
Office supplies	9,237	2,551	296
Other operating expenses	715	1,706	158
Participant supplies	72,885	68	345
Postage	948	337	51
Rentals and leases	28,472	7,288	634
Salaries and related benefits	239,592	488,922	10,127
Telephone	13,007	6,786	617
Travel and meetings	25,873	8,723	872
Tuition-participants	251,759	-	455
Utilities	<u>5,794</u>	<u>2,590</u>	<u>170</u>
Total expenses	<u>845,152</u>	<u>563,312</u>	<u>62,882</u>

<u>Title III Fund</u>	<u>Five Percent Incentive Fund</u>	<u>Title II-C Fund</u>	<u>Welfare to Work</u>	<u>One-Stop Centers</u>	<u>Caldwell Out of School Grant</u>	<u>Franklin Workforce Center Grant</u>	<u>Total</u>
2,000	-	2,200	-	-	-	-	10,000
1,331	547	1,023	-	-	-	-	7,992
22,488	-	-	-	-	-	-	22,488
218	6,768	74,786	-	-	-	-	122,050
2,364	523	4,290	66	-	-	807	21,587
14,300	1	14,059	82	22,948	-	13,925	125,812
2,038	3,255	1,854	-	-	-	-	12,600
927	615	1,135	17	-	-	-	7,251
83	-	73	-	-	-	-	358
96,516	-	62,033	-	-	-	-	313,502
3,615	480	5,164	125	-	-	24,088	45,556
785	200	778	528	-	-	60	4,930
40,937	-	51,132	-	-	-	-	165,367
473	17	565	8	-	-	-	2,399
11,700	143	16,900	159	-	-	1,400	66,696
135,643	31,010	104,643	8,405	-	9,800	17,892	1,046,034
7,024	217	8,201	204	-	-	937	36,993
13,472	1,724	13,162	358	-	-	456	64,640
150,875	-	55,662	-	-	-	-	458,751
<u>3,294</u>	<u>68</u>	<u>3,460</u>	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,479</u>
<u>510,083</u>	<u>45,568</u>	<u>421,120</u>	<u>10,055</u>	<u>22,948</u>	<u>9,800</u>	<u>59,565</u>	<u>2,550,485</u>

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND BALANCES, BY PARISH, BY COST CATEGORY

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Caldwell</u>	<u>East Carroll</u>	<u>Franklin</u>	<u>Jackson</u>
<u>Revenues:</u>				
Federal grants	216,494	254,689	507,358	204,063
<u>Expenses:</u>				
Administration	-	-	-	-
Training related and support	13,498	37,388	74,836	16,947
Direct training	137,295	172,494	330,879	137,258
Retraining	23,391	17,454	42,161	22,301
Supportive services	20,494	10,246	37,736	7,871
Basic readjustment	21,816	17,107	21,746	19,686
Total expenses	<u>216,494</u>	<u>254,689</u>	<u>507,358</u>	<u>204,063</u>
<u>Excess of revenues over expenses</u>	-	-	-	-
<u>Fund balances at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Madison</u>	<u>Richland</u>	<u>Tensas</u>	<u>Unallocated</u>	<u>Total</u>
327,036	455,750	142,001	443,094	2,550,485
-	-	-	393,024	393,024
70,731	59,107	22,143	(3,513)	291,137
202,131	290,138	99,454	55,258	1,424,907
25,754	50,780	6,473	-	188,314
17,189	21,721	3,796	-	119,053
<u>11,231</u>	<u>34,004</u>	<u>10,135</u>	<u>(1,675)</u>	<u>134,050</u>
<u>327,036</u>	<u>455,750</u>	<u>142,001</u>	<u>443,094</u>	<u>2,550,485</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

COMBINED RECONCILIATION OF EXPENDITURES REPORTED TO GRANTOR AGENCY

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 1998

	<u>Title II-A Fund</u>	<u>Title II-B Fund</u>	<u>Eight Percent Fund</u>
<u>Total expenditures per June 30, 1998 reports to grantor agency</u>	1,198,070	682,128	109,943
<u>Adjustments:</u>			
Prior year's expenditures reported to grantor agency in current year's expenditure reports	(356,892)	(118,816)	(47,196)
Net effect of current year audit adjustments	3,974	-	131
Rounding	<u>-</u>	<u>-</u>	<u>4</u>
<u>Total expenses per statement of revenues, expenses, and changes in fund balances</u>	<u>845,152</u>	<u>563,312</u>	<u>62,882</u>

<u>Title III Fund</u>	<u>Five Percent Incentive Fund</u>	<u>Title II-C Fund</u>	<u>Welfare to Work</u>	<u>One-Stop Centers</u>	<u>Caldwell Out of School Grant</u>	<u>Franklin Workforce Center Grant</u>	<u>Total</u>
870,155	54,670	739,924	9,107	22,948	9,800	59,565	3,756,310
(363,733)	(9,122)	(316,591)	-	-	-	-	(1,212,350)
3,661	20	(2,213)	949	-	-	-	6,522
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
<u>510,083</u>	<u>45,568</u>	<u>421,120</u>	<u>10,055</u>	<u>22,948</u>	<u>9,800</u>	<u>59,565</u>	<u>2,550,485</u>

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)

AT JUNE 30, 1998

<u>Insurer</u>	<u>Assets Covered</u>	<u>Limits of Coverage</u>	<u>Deductible</u>	<u>Expiration Date</u>
American Central	Data processing equipment at 22 locations	293,788	1,000	6/28/99
Fidelity and Deposit Company of Maryland	Employee dishonesty bond	50,000	N/A	6/18/99
American Central	Business automobile:			
	Liability	1,000,000	N/A	6/28/99
	Medical payments	5,000	N/A	
	Uninsured motorists	300,000	N/A	
	Comprehensive		100	
	Collision		250	
Louisiana Workers' Compensation	Louisiana Workers' Compensation	500/500/500	N/A	2/21/99
Frontier	Umbrella	1,000,000	10,000	6/28/99
Employees	Property (contents):		250	6/28/99
	Administrative office	154,300		
	Tensas office	11,125		
	Richland office	11,125		
	Caldwell office	11,125		
	Madison office	11,125		
	Franklin office	32,175		
	Jackson office	11,125		
	East Carroll office	11,125		
Frontier	General liability:		N/A	6/28/99
	Each occurrence	1,000,000		
	Aggregate	3,000,000		
	Personal injury	1,000,000		
	Fire damage legal	50,000		
	Medical	5,000		
Frontier	Professional liability:		N/A	6/28/99
	Each occurrence	1,000,000		
	Aggregate	3,000,000		
Federal	Directors and officers:		N/A	1/24/01
	Each occurrence	1,000,000		
	Aggregate	1,000,000		

OTHER REPORTS

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1998

<u>Federal Grantor/ Pass-Through Grantor Name/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenses</u>
United States Department of Labor: Passed through Louisiana Department of Labor-Job Training Partnership Act:			
Title II-A	17.250	845,152	845,152
Title II-B	17.250	563,312	563,312
Title II-C	17.250	421,120	421,120
Title III	17.246	510,083	510,083
Five Percent Incentive	17.250	<u>45,568</u>	<u>45,568</u>
Total Passed through Louisiana Department of Labor		2,385,235	2,385,235
Passed through Louisiana Department of Education-Job Training Partnership Act:			
Eight Percent	17.250	<u>62,882</u>	<u>62,882</u>
*Total JTPA Cluster		2,448,117	2,448,117
United States Department of Labor: Passed through Louisiana Department of Labor:			
JobNet One Stop Centers	17.207	22,948	22,948
Welfare to Work	17.253	10,055	10,055
School to Work Opportunities	84.278E	<u>69,365</u>	<u>69,365</u>
Total Federal Awards		<u>2,550,485</u>	<u>2,550,485</u>

*Denotes major program

October 8, 1998

Private Industry Council SDA-83, Inc.
Monroe, Louisiana

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the financial statements of Private Industry Council SDA-83, Inc., as of and for the year ended June 30, 1998, and have issued our report thereon dated October 8, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Private Industry Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that is described in the accompanying schedule of findings and questioned costs as Item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Private Industry Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy + Vestal, LLP

October 8, 1998

Private Industry Council SDA-83, Inc.
Monroe, Louisiana

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Private Industry Council SDA-83, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. Private Industry Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Private Industry Council's management. Our responsibility is to express an opinion on Private Industry Council's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Private Industry Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Private Industry Council's compliance with those requirements.

In our opinion, Private Industry Council SDA-83, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 98-1.

Internal Control Over Compliance

The management of Private Industry Council SDA-83, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Private Industry Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy + Ventral, LLP

PRIVATE INDUSTRY COUNCIL SDA-83, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1998

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Private Industry Council SDA-83, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Private Industry Council SDA-83, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported.
5. The auditor's report on compliance for the major federal award programs for Private Industry Council SDA-83, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award program for Private Industry Council SDA-83, Inc. are reported in Part C of this schedule.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Job Training Partnership Act Cluster	17.246 and 17.250

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Private Industry Council SDA-83, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

See Item 98-1 in next section.

C. Findings and Questioned Costs - Major Federal Award Programs

No. 98-1

Department of Labor

JTPA Cluster - CFDA 17.246 and 17.250 (Titles II A, II C and III) - Year Ended June 30, 1998

C. Findings and Questioned Costs - Major Federal Award Programs (Continued)

Our test of eligibility of 25 participants in the JTPA programs indicated that certain forms supporting four participants' eligibility were not present in the participants' files. These exceptions, which appear to be random and the result of human oversight, are considered immaterial and were corrected prior to the issuance of our report. The omission of these forms did not affect the eligibility or status of the participants in question. These exceptions are summarized below:

	<u>Number of Participants</u>	<u>Program</u>	<u>Questioned Cost</u>
a. Lack of wage report and participant history	2	Title II C	-
b. Lack of participant history	1	Title III	-
c. Incomplete verification checklist	1	Title II A	-

PRIVATE INDUSTRY COUNCIL SDA-83, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

- 97-1. This immaterial noncompliance was corrected by the Council before the related report was issued.